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香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: **Further Update on the Inclusion of ETFs in Stock Connect**

Enquiry: **Participant General Enquiry Hotline¹ (Tel: 2840 3626 E-mail: trd@hkex.com.hk)**

With reference to the [Joint Announcement](#) issued by the Securities and Futures Commission (SFC) and the China Securities Regulatory Commission (CSRC) today on the inclusion of Exchange Traded Funds (ETFs) in Stock Connect (the Inclusion), China Connect Exchange Participants (CCEPs) and Trade-through Exchange Participants (TTEPs) are requested to note that:

Eligibility criteria for the inclusion of ETFs for Northbound and Southbound trading

Subject to regulatory approval, details of the eligibility criteria for the Inclusion are set out in the Appendix. The list of SSE and SZSE securities, including ETFs, eligible for Northbound trading will be published on [HKEX website](#) and updated from time to time, and the initial list of ETFs to be included for Northbound trading will be published in due course.

Information of the Inclusion

All relevant information regarding the Inclusion, including the trading arrangements, eligibility criteria and [Frequently Asked Questions](#) (FAQs), can be found on the [designated page](#) on the HKEX website. CCEPs and TTEPs are reminded to also note the Exchange circulars (Ref: [CT/033/22](#) and Ref: [CT/043/22](#) dated 22 April 2022 and 6 May 2022 respectively) for additional information. Please note that the Inclusion will be subject to regulatory approval and market readiness. The official launch date of the Inclusion will be announced separately.

Please send enquiries on eligibility criteria to ETFs@hkex.com.hk, trading arrangements to trd@hkex.com.hk and clearing and settlement arrangements to clg@hkex.com.hk.

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¹ All calls to and from the Participant General Enquiry Hotline may be recorded. HKEX Privacy Policy Statement is available [here](#).

Appendix: Eligibility Criteria for the Inclusion of ETFs in Stock Connect²

Eligibility Criteria for Northbound ETFs:

ETFs listed on SSE/SZSE that satisfy all of the following criteria at any regular review will be accepted as eligible ETFs for Northbound trading:

1. The ETF must be traded in RMB and have a daily average Assets Under Management (AUM) in the last six months of no less than RMB 1.5 billion;
2. The ETF must be listed for no less than six months;
3. The benchmark index must be launched for no less than one year;
4. The total weighting of SSE-listed and SZSE-listed A shares in benchmark index must not be less than 90% and the total weighting of Stock Connect Northbound eligible constituents in the benchmark index must not be less than 80%; and
5. The benchmark index or the index methodology of the benchmark index must fulfil either of the below criteria:
 - (a) Applicable to broad-based indices³:
 - A constituent stock must not be more than 30% of the index's weighting.
 - (b) Applicable to non-broad-based indices:
 - The number of index constituent stocks must not be less than 30;
 - A constituent must not be more than 15% of the index's weighting and the total weighting of the top five weighted constituents must not be more than 60%; and
 - The constituent stocks comprising no less than 90% of the index's weighting must be the top 80% shares by Average Daily Turnover (ADT) ranking in the relevant stock exchange in the past 12 months.

Eligible ETFs that subsequently meet any of the following criteria upon regular review will be designated as sell-only securities and will be restricted from buying:

1. The ETF's daily average AUM in the last six months falls under RMB 1 billion;
2. The total weighting of SSE-listed and SZSE-listed A shares in benchmark index falls under 85% or the total weighting of Stock Connect Northbound eligible constituents in benchmark index falls under 70%; or
3. The benchmark index and the index methodology of the benchmark index fulfil either of the below criteria:
 - (a) Applicable to broad-based indices:
 - A constituent stock exceeds 30% of the index's weighting.
 - (b) Applicable to non-broad-based indices:
 - The number of index constituent stocks falls under 30;
 - A constituent exceeds 15% of the index's weighting or the total weighting of the top five weighted constituents exceeds 60%; or
 - The constituent stocks which are the top 80% shares by ADT ranking in the relevant stock exchange in the past 12 months falls under 90% of the index's weighting.

² Subject to regulatory approval

³ Broad-based index refers to an index whose constituent selection is not limited to a specific industry or investment theme but reflects the performance of a certain market or a certain size of stocks

Eligibility Criteria for Southbound ETFs:

ETFs primarily regulated by SFC and listed on SEHK that satisfy all of the following criteria at any regular review will be accepted as eligible ETFs for Southbound trading:

1. The ETF must be traded in HKD and have a daily average AUM in the last six months of no less than HKD 1.7 billion;
2. The ETF must be listed for no less than six months;
3. The benchmark index must be launched for no less than one year;
4. The ETF must not be synthetic ETFs or Leveraged and Inverse Products;
5. The total weighting of SEHK-listed stocks in the benchmark index must not be less than 90%;
6. The total weighting of Stock Connect Southbound eligible constituents in Hang Seng Index (HSI), Hang Seng China Enterprises Index (HSCEI), Hang Seng TECH Index (HSTECH) and Hang Seng Hong Kong-Listed Biotech Index (HSHKBIO) must not be less than 70% and the total weighting of Stock Connect Southbound eligible constituents in other benchmark indices must not be less than 80%; and
7. The benchmark index or the index methodology of the benchmark index must fulfil either of the below criteria:
 - (a) Applicable to broad-based indices:
 - A constituent stock must not be more than 30% of the index's weighting.
 - (b) Applicable to non-broad-based indices:
 - The number of index constituent stocks must not be less than 30;
 - A constituent must not be more than 15% of the index's weighting and the total weighting of the top five weighted constituents must not be more than 60%; and
 - The constituent stocks comprising no less than 90% of the index's weighting must be the top 80% shares by ADT ranking in the relevant stock exchange in the past 12 months.

Eligible ETFs that subsequently meet any of the following criteria upon regular review will be designated as sell-only securities and will be restricted from buying:

1. The ETF's daily average AUM in the last six months falls under HKD 1.2 billion;
2. The ETF becomes a synthetic ETF or Leveraged and Inverse Product;
3. The total weighting of SEHK-listed stocks in the benchmark index falls under 85%;
4. The total weighting of Stock Connect Southbound eligible constituents in HSI, HSCEI, HSTECH, HSHKBIO falls under 65% or the total weighting of Stock Connect Southbound eligible constituents in other benchmark indices falls under 70%; or
5. The benchmark index and the index methodology of the benchmark index fulfil either of the below criteria:
 - (a) Applicable to broad-based indices:
 - A constituent stock exceeds 30% of the index's weighting.
 - (b) Applicable to non-broad-based indices:
 - The number of index constituent stocks falls under 30;
 - A constituent exceeds 15% of the index's weighting or the total weighting of the top five weighted constituents exceeds 60%; or
 - The constituent stocks which are the top 80% shares by ADT ranking in the relevant stock exchange in the past 12 months falls under 90% of the index's weighting.